OGC 7**5**-1426 3 March 1977

The Honorable Robert J. Lipshutz Counsel to the President The White House Washington, D. C. 20500

Dear Mr. Lipshutz:

At hearings before the Senate Select Committee on Intelligence on 23 June 1976, relating to the nomination of Mr. Knoche to be Deputy Director of Central Intelligence, the following exchange took place:

The Chairman [Senator Inouye]. Under Executive Order 11905, the General Counsel and the Inspector General are required to report to the Intelligence Oversight Board on activities that raise questions of legality and propriety. They must report allegations involving such activities and the results of their investigations. They are also required to report any instance where they are instructed not to make such reports.

Will you instruct the General Counsel and the Inspector General to provide to this committee similar reports to aid this committee in its oversight function?

Mr. Knoche. Yes, sir, I will.

The Chairman. At present the General Counsel is required to refer to the Department of Justice allegations that activities by CIA employees violate Federal law. In order to assist the committee in its oversight role will you instruct the General Counsel to notify the committee when and if such a referral takes place?

Mr. Knoche. Yes, sir, I will.

Pursuant to these commitments, and after a long period of negotiations involving consultations with your predecessor, and with President Ford, a reporting procedure was established. That procedure is described in Mr. Knoche's letter to Chairman Inouye, dated 21 January 1977, a copy of which is enclosed.

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As you will note, the agreed procedure calls for reports to made to the Committee, through its Staff Director, within a month after reports have been made to the Intelligence Oversight Board (IOB), by the General Counsel and the Inspector General of the CIA, pursuant to Section 6(b) of Executive Order 11905. These Agency officers submitted their last reports to the IOB on 1 February 1977, and similar reports to the Committee are therefore now due. The Inspector General and 1 have both concluded that our submissions to the Committee should cover all matters that we have respectively reported to the IOB since 30 June 1976. Copies of our proposed submissions are enclosed.

You will also note that the agreed procedure includes a proviso to the effect that General Counsel and Inspector General reports are to be furnished to the Committee "unless the Agency is instructed to the contrary by the President." In light of that proviso, both the Inspector General and I consider it appropriate to make copies of our intended reports available for your review in advance of their submission to the Committee, so that it can be determined whether the President desires to issue any instructions regarding the reports.

The Committee has been notified that the submissions of the enclosed reports have been deferred pending White House review.

General Counsel

Enclosures

cc: Honorable David L. Aaron

Deputy Assistant to the President

for National Security Affairs

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